



**CAFTA FACTS**  
**CAFTA Will Not Save U.S. and Central American Textiles**  
**From Chinese Competition**

**Prepared by the Office of Congressman Sherrod Brown**

Proponents try hard to sell the Central American Free Trade Agreement (CAFTA) as a way to enable CAFTA countries to compete with China in textile/apparel trade. In fact, this is a misconception.

The CAFTA textile/apparel rules of origin are almost identical to the North American Free Trade Agreement (NAFTA). Under those rules, Mexico has been steadily losing market share to China over the last 10 years. It will be no different for CAFTA.

The International Trade Commission's January 2004 analysis of the impact of quota elimination on the current suppliers to the U.S. market indicated the CAFTA countries would lose business unless CAFTA included liberal cumulation rules, which it does not, or a meaningful third country fabric provision, which it does not. Minor modifications that scratch the surface of, but don't meet these two needs are not enough.

CAFTA won't make the region competitive with China, India, or Pakistan.

If U.S. companies were concerned about CAFTA nation laborers, a good solution would have been adequate labor protections in the agreement, ensuring labor standards would actually rise.

By pushing for increased Central American labor standards, U.S. companies could have had access to certified sweatshop-free products--something that gets a lot of lip service by concerned corporate citizens.

CAFTA nations will have trouble competing with China, but a sweatshop-free zone could create a niche market that China could likely never emulate. By raising labor standards, wages would inevitably follow. If U.S. companies were serious about access to foreign consumers, not cheap foreign labor, they'd be pushing for higher wages. More money in the pockets of workers means more money to purchase goods and expand their economies.

The CAFTA model is a recipe for disaster. Congress must devise a trade agreement to promote business development and jobs in the U.S. as well as economic advancement overseas. CAFTA should help Central American workers earn enough to buy American-made products. It's time to rethink U.S. trade policy and do what's right, not just for multinational corporations, but what's right for workers, small businesses, communities, and the environment.

The president is on the wrong track. Congress must demand a smarter trade deal than CAFTA.